

Paragon Way, Inc.

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I wish to comment on CG Docket No. 02-278 because the subject is very important to my employer and to the continued employment by thousands of individuals throughout the United States. My name is Charles Natkins, and I am the General Counsel of Paragon Way, Inc. located in Austin, Texas. Paragon Way, Inc. is a purchaser of delinquent debt as well as a third party collector on behalf of many creditors throughout the country. Paragon Way, Inc uses predictive auto dialers to telephone debtors in an attempt to resolve their delinquent accounts before litigation is possibly filed. A predictive dialer is the most accurate, effective and efficient way for our company to call consumers about their past due obligations. Auto dialers increase the accuracy of dialed numbers and can restrict calls to the permissible calling times in the consumer's time zone.

The Telephone Consumer Protection Act (TCPA) was enacted to protect consumers from unsolicited advertisements and telemarketing calls.

The prohibition against the use of auto dialers that dial "random or sequential numbers" to contact consumers' cell phones was specifically intended to protect consumers from incurring charges on their wireless phones for unwanted calls about products or services to be purchased in the future. There was never any intention on the part of Congress to prohibit creditors and those collecting debt on their behalf from being able to contact consumers on their wireless phones about a past due payment obligation for goods and services already purchased and received, especially in those circumstances where the debtor utilized his/her cell phone number as his/her primary or secondary contact number.

From 1991, when the TCPA was enacted, until 2003, the FCC consistently ruled that the prohibition against use of auto dialers to call a consumer's cell phone did not apply if the sole purpose of the calls was to recover payments for goods and services already purchased. These calls were recognized as NOT being sales or marketing calls, and were dialed neither randomly nor sequentially.

As technology became more sophisticated, the FCC in 2003 expanded the statutory definition of auto dialers to include predictive dialers, which call only certain pre-programmed phone numbers. However, the Commission did not address its prior rulings that calls to consumers' cell phones made by creditors and those collecting debt on their behalf were not subject to the TCPA. It is now unclear whether calls Paragon Way, Inc. makes for the sole purpose of recovering past due payment obligations from consumers come within the scope of the regulation.

Paragon Way, Inc. supports the request for clarification filed by ACA International, and urges you to reinstate the regulatory interpretation of the TCPA in effect prior to 2003. Paragon Way, Inc. also endorses ACA's statement of the harm to business and the federal and state governments as a result of the FCC's rule. The FCC should not interpret a regulation in a way that will make the collection of legitimate debts substantially more difficult by prohibiting the use of predictive auto dialers to call the cell phones of consumers. Such an interpretation is contrary to the intent of Congress and all prior rulings of the FCC between 1991 and 2003 concerning this issue. Additionally, if cost to the consumer is a consideration, most, if not all cellular companies do not charge for incoming calls.

In an economy that depends on the use of credit, the effective collection of delinquent accounts keeps the economy operating and creates fairness both for businesses and for consumers who timely repay their debts. Tens of billions of dollars of delinquent debt cannot be collected by one personally dialed phone call at a time (personally dialed calls to cell phones are permitted by the TCPA and the FCC's regulations). It is often unknown if a phone number is that of a cell phone or a landline. As more people move to "cell phone only" status, contacting consumers to resolve their debts without resort to their cell phones will become increasingly difficult. Today, more than one out of every five Americans under the age of 35 does not have a landline phone and instead uses a wireless phone as their exclusive means of telephonic communication, and the trend is continuing at a rapid pace. The efficiencies of a modern economy dictate that the most effective technologies be used – in the case of debt collection, this is the predictive auto dialer.

In addition, the debt collection process is governed by the Fair Debt Collection Practices Act (FDCPA), and compliance is overseen by the Federal Trade Commission. The FTC has a complaint process in place to handle abuses during the collection process, and private attorneys file lawsuits against companies and firms that may have violated the FDCPA. There is no need for additional regulations affecting the debt collection process. It seems illogical that the FCC would prevent the use of the most effective calling methods between a business and its customers.

If allowed to stand, the long-term consequences of the FCC's decision are dire. As it stands today, the FCC's rule needlessly subjects Paragon Way, Inc. to federal enforcement and private litigation, even though Congress never intended such an outcome.

For these reasons, the FCC should promptly clarify that predictive auto dialer calls to wireless numbers solely to recover payment obligations are not covered by the TCPA regulations for the reasons expressed above.

Thank you for your consideration.

Charles E. Natkins  
General Counsel  
Paragon Way, Inc.